MOVING INTO THE ECONOMIC MAINSTREAM

An overview of Employment Services for people with Disabilities in North Carolina

Disability Rights North Carolina is a 501(c)3 and the federally mandated protection and advocacy system for North Carolina
The passage of the Americans with Disabilities Act (ADA) promised a new era of equality of opportunity, full participation, independent living, and economic self-sufficiency for people with disabilities. North Carolina is struggling to achieve the goals set in 1990. Only one-third of working-age North Carolinians with disabilities are employed, whereas well over two-thirds of their non-disabled peers are employed. Additionally, over 5,000 of the State’s residents with disabilities continue to be paid less than the minimum wage. It is well past time to move the majority of North Carolinians with disabilities into the economic mainstream.

On paper, North Carolina appears to offer a robust system of employment services. In reality, parents, advocates, and people with disabilities struggle to make informed choices because they are either not aware of the full array of services available to them or are misinformed about the services. As a result, individuals with disabilities frequently end up without services or with services that do not effectively assist them in reaching their employment goals. This report attempts to help close the information gap by providing an overview of the employment services available in North Carolina and offer suggestions on how to improve existing employment services by proposing how they should evolve.

Low employment rates amongst people with disabilities is an inherited problem and one which will not abate until steps are taken to address the problem. In most respects, it does not require spending more taxpayer dollars. It is a matter of shifting our funding and priorities to support employment services that emphasize community-based, competitive wage employment, and respects the importance of informed choice. Implementing these changes will achieve better employment services, leading to better job matches, less reliance on government benefits, and move greater numbers of people with disabilities into the economic mainstream.
Publicly Funded Employment Services

Multiple state agencies provide employment services, but the sheer number of agencies offering these services in and of itself creates complexities. A general lack of coordination and familiarity across agencies about their differing services creates a situation wherein individuals with disabilities struggle to identify what agencies and services are best suited to address their employment barriers. A description of each agency is listed below to help the reader navigate this intricate system.

Division of Vocational Rehabilitation (VR) and Division of Services for the Blind (DSB)
The VR and DSB programs provide goods and services to help people with disabilities get jobs and support themselves. The programs are housed within the State Department of Health and Human Services (DHHS) and have local and regional offices throughout the State. The agencies provide a broad array of services that may include college and professional training, job-development, rehabilitation, job coaching services, and other services needed to eliminate barriers to employment. VR and DSB often contract with providers of work training that are known as Community Rehabilitation Programs (CRPs). Any job pursued with the help of VR or DSB must pay at least a minimum wage and be in a workplace that includes coworkers without disabilities. North Carolina has no waitlist for the VR program at this time. Veterans and members of the Eastern Band of Cherokee Indians have access to additional vocational rehabilitation programs that are not operated by the State of North Carolina.

Student Employment Services

Students with disabilities receiving special education services under an Individual Education Plan (IEP) are entitled to transition services from the school beginning at the age of 14 until graduation from high school. All students with disabilities are also entitled to pre-employment transition services (administered by VR) between and including the ages of 14-21, whether they are in high school or higher education at the time. These services include paid work experiences, internships, apprenticeships, self-advocacy training, and other activities that prepare young adults to successfully transition to life after high school.

Local Management Entities/Managed Care Organizations (MCOs)

These organizations (currently Trillium Health Resources, Cardinal Innovations, Alliance Behavioral Healthcare, Vaya Health, Partners Behavioral Health, Sandhills Center, and Eastpointe) manage both state-funded and Medicaid-funded behavioral health services under contracts with DHHS. Included in the services they manage are employment training services such as Adult Developmental Vocational Program (ADVP), Supported Employment (SE), Long-Term Vocational Supports (LTVS), and Individual Placement and Support (IPS). SE, LTVS, and IPS are community-based services and have varying eligibility requirements.
**NC Works Career Centers (Workforce Development Centers)**

NC Works Career Centers are part of the Department of Commerce. They help job seekers (not only individuals with disabilities) learn about available jobs, look for work, participate in training and education programs, and access the internet and NCWorks job database. Additionally, targeted services are available to individuals with disabilities ages 14-24.

**Employment Networks (EN)**

Employment Networks receive funding from the Social Security Administration to provide employment services to people who receive Social Security Disability Insurance (SSDI). ENs may be non-profits, for-profits, or state agencies. An employment provider could be a CRP and an EN – meaning they offer employment services under a contract with VR and under a contract with Social Security Administration – at the same time.

**The North Carolina Work Incentives Planning and Assistance (WIPA) Program**

The goal of the WIPA program is to enable beneficiaries to receive accurate information about the advantages and effects of work on their Social Security benefits. In North Carolina, ServiceSource assists beneficiaries in the eastern part of the State, and VR assists in the western part of the State.

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### How Do I Choose a Provider?

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Employment services provided through public funds must be delivered in “the most integrated setting,” which ordinarily means in the community, where people with and without disabilities naturally interact and work. The employment services discussed in this report are paid for with public funds, but not all are provided in integrated settings. In reality, individuals with disabilities encounter four general categories of providers:

**The Community Provider**

Community providers train people with disabilities for work in a community setting that matches their employment goal. A worker who wants to bag groceries trains for work in a grocery store, a worker who wants to be an administrative assistant trains for work in an office, and so on. Clients may come seeking skill building, peer mentoring, or job development, but not to work in a segregated setting. The community provider model gets the closest to the public policy goal of providing services to people with disabilities in the most integrated setting.

**The Segregated Provider**

Segregated providers operate workshops for the purpose of employing people with disabilities—commonly known as ‘sheltered workshops’. The work training in these workshops is offered within the four walls of the provider’s office/space. Training in these settings is rarely individualized for a particular type of work. Work tasks often include groups of clients folding boxes, shredding paper, or labeling cans together in one space. Many segregated providers pay clients a subminimum wage for performing these tasks.

Section 14(c) of the Fair Labor Standards Act authorizes employers, after receiving a certificate from the Wage and Hour Division, to pay special minimum wages — wages less than the Federal minimum wage — to workers who have disabilities.

A small handful of segregated providers set themselves apart from their peers by offering specialized skills training and/or certificate programs that prepare clients for specific jobs in the community.

As of October 2017, North Carolina still had at least 59 sheltered workshops in operation employing nearly 4600 sheltered workers. An additional 700 institutionalized workers are being paid subminimum wages by state developmental centers. Many workshops have recently been forced to shrink their operations because of recent State funding cuts passed along to them by the LME/MCOs; workshops will very likely admit new workers if funding is restored. Sheltered workshops are models of convenience in that they provide a predictable schedule Monday through Friday (typically from 8 am to 3 pm, or similar “school day” hours), and include transportation services to and from the workshop. As a result, there are strong links between group home living and attendance at sheltered workshops.
The Hybrid Provider
Hybrid providers offer both segregated and community employment training. This is often a sheltered workshop working to transition to community employment training, but that has not stopped providing some segregated services and subminimum wages. These providers vary greatly; some are focused primarily on community employment and have few clients in their workshop, while others continue to operate large facilities and have many segregated clients.

The “Integrated” Provider
Integrated providers are a small subset of providers that have grown their workshops into large, modernized, and more integrated businesses. Their growth was primarily fueled by government contracts that are only available to businesses with a certain percentage of people with disabilities in their workforces. Typically, these providers have yet to close the workshop side of the business, so they really have two different workforces operating under the same roof. One group of employees is paid minimum wage or better for the government contract work while the other continues to be paid subminimum wages for workshop tasks.

SECTION II
THE PROGRESSION OF EMPLOYMENT SERVICES OVER THE YEARS

A Brief Summary of National Employment Initiatives for People with Disabilities
No significant national employment initiatives for people with disabilities were available until Congress created the Vocational Rehabilitation program after the First World War. Disabled Veterans of prior wars could obtain pensions, but there were no public services to assist them in returning to work. Initially, the Vocational Rehabilitation program was reserved for Disabled Veterans, as social attitudes about inclusion of people with disabilities were unwelcoming and geared toward segregation and isolation. Congress continued to disregard the ability of people with disabilities to work when it passed the first uniform minimum wage law for workers and refused to extend the same protections to workers with disabilities.

Section 14(c) of the Fair Labor Standards Act still permits employers to obtain a certificate from the US Department of Labor (DOL) to pay less than a minimum wage to workers with disabilities. The wage is set by comparing employee productivity. For example, if a nondisabled worker makes 100 widgets an hour for a wage of $10/hour, a worker with a disability who makes 10 widgets an hour can be paid a wage of $1/hour. It has been legal to pay employees with disabilities as little as 1 cent an hour under a 14(c) certificate since 1986.
14(c) employers may be paying wages that do not accurately reflect worker productivity. In a recent wage complaint against a workshop known as Seneca Re-Ad, an administrative law judge found that the workshop had set the rate of pay too low and thereby stolen more than $54,000 in rightfully earned wages from three workers. Unfortunately, wage theft goes largely unchecked. The burden is on workers with disabilities to challenge their rate of pay, and the DOL’s monitoring of 14(c) employers and enforcement of wage violations is minimal.

National attitudes about including people with disabilities in our communities and workplaces steadily improved over time after the Second World War/the 1940s. In 1963, Congress passed the first Developmental Disabilities (DD) Act. This demonstrated a shift toward favoring opportunities that promote productivity, independence, inclusion, and integration. In the 1970s, Congress passed Sections 501-504 of the Rehabilitation Act providing discrimination protections in federal agencies and federally funded projects and services. In 1990, and as amended in 2008, the Americans with Disabilities Act obligates public and private employers to give people with disabilities equal employment opportunities to promote economic self-sufficiency.

Congress has also amended the Vocational Rehabilitation program several times over the years. Currently, the VR program serves any person with a disability in need of employment supports to help them obtain a job earning competitive wages in the private and public sector, including for those with the most significant disabilities.

In 2014, Congress passed the Workforce Innovation and Opportunity Act (WIOA). One of its principal goals is to keep young people with disabilities from earning subminimum wages. No youth with a disability between the ages of 14-24 can be paid a subminimum wage unless they first receive robust services to prepare them for employment in the community earning at least minimum wage. Meanwhile, the National Council on Disability continues to ask Congress to take the next step forward and phase out the law permitting the payment of subminimum wages to people with disabilities. NCD has concluded that the law is a relic in policy left over from the 1930’s.
North Carolina Recent Reform Efforts
North Carolina has attempted to tackle the underemployment and unemployment of people with disabilities for several years through a variety of initiatives:

Community Alternatives and Employment Transitions (CAET)
In the mid-2000s, Community Rehabilitation Programs (CRPs) and the North Carolina Association of Rehabilitation Facilities (NCARF) advocated for the State to phase out segregated employment services and transition to more integrated, community-based CAET services. CAET is targeted at serving four populations: 1) transition-age youth; 2) long-term sheltered workers; 3) individuals with multiple, complex needs; and 4) retirement-age adults. The goals are to provide exclusively community-based vocational supports to transition-age youth, to provide career exploration and additional vocational supports to long-term sheltered workers to assist them in transitioning to community employment, and to provide community-based day programming for older, retirement-ready adults and individuals with complex needs who are not pursuing work. As of today, segregated employment services continue to be heavily utilized. CAET services have been offered as pilot programs in a few locations, but have not been rolled out state-wide.

Employment First
Employment First is a vision for employment in the general workforce to be the first and preferred outcome of publicly funded services for working age citizens with disabilities. In 2011, the Alliance on Full Participation released an Employment First Position Paper as part of an effort to adopt Employment First policies in North Carolina. It does not mean that employment is the only outcome, but it means programs and services are aligned around the belief that employment is the expectation, not the exception.

The Department of Public Instruction (DPI), the Division of Mental Health/Developmental Disabilities/Substance Abuse Services (DMHDDSA), and other state staff engaged with advocates to discuss adoption of Employment First policies, and potentially, legislation. In 2016, state staff working on the Employment First initiative shifted their focus to the Employment First Mentoring Program (described below), and the Employment First initiative fizzled out. The initiative was picked back up in 2019 by the state and an Executive Order was signed on March 28, 2019, officially declaring North Carolina as an Employment First State.

On March 28, 2019 Governor Roy Cooper signed Executive Order 92 pronouncing the State’s commitment to Employment First and directing State agencies to develop policies and practices that would increase the recruitment, hiring, and retention of employees with disabilities. This is especially notable given the recent increase in the minimum wage in state employment to $15 per hour, potentially expanding people with disabilities’ access to living wage jobs across the state. Cooper signed the order saying, “North Carolina can be its best when all people have the opportunity to achieve their potential and live lives of purpose, including North Carolinians with disabilities.”
Transition to Community Living Initiative (TCLI)
In 2012, the State of North Carolina and the U.S. Department of Justice reached an agreement regarding the lack of community-based housing for individuals with mental illness. The result was an array of services available to people eligible for TCLI, one of which is a rapid-engagement supported employment service called Individualized Placement Services (IPS). IPS is an evidenced-based service that has been shown to produce better employment outcomes than our existing supported employment service. IPS has been made available to about 1200 individuals, and the State must continue expanding the availability of the service to meet its obligations under the agreement with the Department of Justice. The emphasis on rapid engagement would also benefit individuals who are receiving traditional supported employment services and other employment supports.

Disability Rights North Carolina Sheltered Work Monitoring
In 2011, Disability Rights North Carolina began monitoring facilities that were approved to provide segregated employment services and held a 14(c) certificate. Approximately 5,000 people were being paid subminimum wages at the time of the monitoring began. DRNC issued a report in 2013 that concluded segregation is a function of the services that the State chooses to fund and where those services are funded. The report cited to Employment First and TCLI as factors that DRNC believed and hoped would assist the State in shifting funding away from facility-based employment training.

Reaching the Summit of Success
From 2012 – 2015, the North Carolina Council on Developmental Disabilities sponsored “Reaching the Summit of Success,” a project that studied current policies and practices in North Carolina that promote competitive, integrated employment for young adults with intellectual and developmental disabilities. At the conclusion of the project, a final report was issued with recommendations for effective systems change. Providing information to help people understand and navigate the complex system of services was a key, recurring recommendation throughout the report. There continues to be a lack of readily available information.

Employment First Mentoring Program
In 2015, North Carolina was selected as one of nineteen states to participate in the Office of Disability Employment Policy (ODEP) Employment First State Leadership Mentoring Program. Through the program, ODEP provides intensive assistance to a cross-system team of North Carolina state government staff to support efforts to increase competitive, integrated employment outcomes for people with disabilities. Participating states choose an area of focus; the four areas of focus are provider transformation, direct support professionals capacity building in effective practices, school-to-work transition, or employer engagement strategies. North Carolina chose employer engagement strategies. The State has not widely publicized its participation in the mentoring program, and it is unknown what activities have been undertaken as a result of its participation.
Over and over again, people with disabilities state that they want community jobs. Disability Rights NC receives multitudes of calls from people with disabilities asking for help achieving their employment goals. This desire to work in the community and for inclusion is also heard in monitoring visits to sheltered workshops, and when DRNC offers employment rights training. Some of the real experiences of people with disabilities trying to make a living in North Carolina are described below.

Angel: I Just Want An Office Job

Angel has struggled to find work due to a severe case of encephalitis from which she is still recovering. After consulting her doctors, Angel identified an office job as being perfect for her. Angel knew she could find and train for this type of job with help from Vocational Rehabilitation (VR). She applied for services, was found eligible, and was assigned a VR counselor.

Early on, Angel began to disagree with the VR counselor about whether a job assessment was necessary. Rather than delay the process with an assessment, Angel wanted to put together an employment plan and start looking for an office job. Angel also began to get pressure from the VR counselor to change the employment goal from an office job to door greeter.

Feeling stuck, Angel agreed to a job assessment. She asked for a list of all the providers in the area and asked which one of them had the most experience matching people to office jobs. The VR counselor provided the list, but did not share which ones had relevant experience. Angel was forced to randomly pick a provider from the list. The provider insisted on taking Angel to Walmart to stock shelves as part of the job assessment. Angel protested that she wanted an office job. The provider said that an office job would not be possible for Angel because she uses a scooter. “What if the fax machine was too high?” the provider asked. When the provider finally agreed to do an office assessment, it turned out to be nothing more than Angel typing in front of a computer for a few minutes. After completing the “typing test,” the provider recommended that the VR counselor close Angel’s case.

Memorandum of Understanding
In 2019, the North Carolina Department of Health and Human Services (NCDHHS) and Disability Rights North Carolina signed a memorandum of understanding to phase out the use of segregated work adjustment training in the Vocational Rehabilitation program by October 1, 2021, with the specific and mutual goals of advancing integrated work training and competitive integrated employment for persons with disabilities. This commitment is a significant step taken by the State towards improving the employment outcomes of people with disabilities.
Scout was sent by VR to a sheltered workshop to train for employment. Despite having had several jobs in the community over the years, the workshop refused to help her look for a job and told her "unemployable." The workshop then employed her and paid her subminimum wages. She earned between $30-60 every two weeks. Scout was unhappy in the workshop and still wanted a job in the community where she could earn more money.

Scout returned to VR and asked for help leaving the workshop for community employment. When the staff at the workshop learned that Scout was applying for VR services, they began a campaign to discourage her from leaving the workshop. They told Scout she would be unsuccessful finding a community job through VR and would be stuck at home with nothing to do within three months. When it became clear that Scout was not going to give up on leaving the workshop, the workshop offered Scout additional money to stay. They promised to pay her the minimum wage a few days a week.

Scout’s interactions with VR and her job coach left her feeling discouraged about trying to find a job in the community. Scout was told the workshop would have to certify that she was "ready" for community employment to receive VR services. She was repeatedly asked if she would rather stay in the workshop, and warned that if she was not successful finding work, she was not guaranteed the ability to go back to the workshop.

The messages from the workshop and VR got to Scout. Working in the community felt like too big of a risk to take, and Scout agreed to stay at the workshop. But after a short while, Scout realized that the workshop was not delivering on the promises it made to entice her to stay. She returned to VR and renewed her commitment to finding a better job. She insisted on VR referring her to a provider and began actively looking for work in the community. With help from her new provider, Scout obtained employment at a flower shop earning between $550-700 every two weeks.

**Angel: Spinning My Wheels**

Angel reached out to the Client Assistance Program (CAP), located within DHHS/VR, for help throughout this process. But she was not provided the effective advocacy she needed. Disability Rights NC agreed to help Angel. We successfully advocated for Angel’s VR case to remain open and for her to get an appropriate office assessment. VR also changed Angel’s VR counselor and agreed to contract with a new provider that had expertise in working with individuals with brain injuries. Through the new provider, Angel learned about the job of peer mentor, which she thinks is a perfect job for her. Angel is finally on her way to getting the office job she wants.

**Subminimum wage laws lock people with disabilities out of the economic mainstream of American life, as taxpayers and consumers. These workers face a real risk of being trapped in a cycle of poverty, government assistance, and low expectations. Long-term subminimum wage workers like Scout need additional supports and encouragement to break this cycle and overcome the barriers that have gotten in the way of them successfully transitioning to community employment.**
Dre is a recent high school graduate. When Dre asked VR for help getting a job, he was sent to a sheltered workshop for an evaluation and possible employment training. After a few days in the workshop, Dre asked if he could change his VR services to community-based supported employment. The workshop told Dre it did not provide supported employment services, which was not true. After a month of evaluation, the workshop declared that Dre was unemployable and VR closed his case. The workshop then recruited Dre into their state-funded, long-term sheltered employment program and paid him a subminimum wage.

While Dre was in the workshop, new laws were passed requiring workshops and VR to provide career counseling to people earning a subminimum wage. The career counseling was offered in large groups and guardians were invited to attend. Dre’s mom came to the meeting and asked if Dre could get supported employment from VR. The workshop said no, and that if any of the workers chose to leave the facility to pursue community employment, there would not be much support for them on the job. VR did not tell the group that VR has provided robust supported employment services since the 1980s or correct the misleading information put out by the workshop.

Dre continued to have a strong desire to leave the workshop and earn more money in the community, but did not trust VR to help him achieve his goals. Dre avoided VR and went through his LME/MCO for supported employment services.

In-reach into workshops is vitally important. Dre sought VR’s help looking for work only to be drawn into the workshop and given misinformation about his employment options. There are unknown numbers of others who have likely been recruited into their long-term sheltered work programs who lack the understanding or support necessary to pursue community employment.

SECTION IV

RECOMMENDATIONS FOR IMPROVING EMPLOYMENT OUTCOMES

Based on the personal experiences of DRNC’s clients, ongoing initiatives around employment services for people with disabilities, and the opinion of the National Council on Disability, DRNC recommends the following changes to publicly funded employment services and wage laws.

Phase out segregated employment services

The State should develop a plan with the end goal to transition all employment services to community-based supports. To assist providers in meeting these new obligations, the State should develop, modify, or expand existing services. The State has recently taken a significant step towards this end goal by agreeing to phase out the use of segregated work adjustment training in the Vocational Rehabilitation program by October 1, 2021. CAET is a proposed service definition advocated for by providers that may be appropriate for the long-term sheltered worker population. Funding to support sheltered workshop conversion, including a peer-mentoring network to assist workshops in transition, is also recommended.
Eliminate the subminimum wage in North Carolina

The State should answer the National Council on Disability’s call to move away from New Deal subminimum wages to “real deal” jobs for people with disabilities by passing a law requiring employers to pay the minimum wage regardless of disability. Subminimum wages do not allow people with disabilities to participate in the economic mainstream of American life, as taxpayers or consumers. It traps them in a cycle of low expectations, poverty, and government assistance.

“No wrong door” for employment services

State agencies currently providing employment services (Departments of Education, Health and Human Services, and Commerce, and the MCOs) should collaborate in creating a comprehensive guide to publicly funded employment services available in North Carolina. Public staff of these agencies should be trained on the array of employment services available in North Carolina to assist people with disabilities in making informed choices about which employment services are best suited to their needs.

Develop a stronger culture of informed choice.

Lack of informed choice was a recurring problem faced by DRNC clients. Often times they were misinformed of or not told about the menu of services and providers potentially available to meet their needs, or their choice of an employment goal was not respected. Consequently, they were pushed toward jobs they resented or missed out on services they actually needed. Building a stronger culture of informed choice will result in more meaningful job matches and greater trust in agencies and providers serving people with disabilities.
References and Resources

NC Works Career Centers:

WIOA 511:
https://transitionta.org/sites/default/files/Section%20511%20.pdf

Pre-Employment Transition Services f/s

Employment Networks:
https://choosework.ssa.gov/about/meet-your-employment-team/index.html

WIPAs:
https://www.servicesource.org/service/benefits-counseling/#NorthCarolina


Employment First:

DRNC Sheltered Workshop Monitoring:

Memorandum of Understanding: